

AR48

Mr. Doherty



ANCHOR PETROLEUMS LIMITED

Annual Report to Shareholders

PERIOD ENDING
31st January, 1965

ANCHOR PETROLEUMS LIMITED

CAPITAL

Authorized.....6,000,000 shares par value \$1.00
Issued.....4,400,000

DIRECTORS AND OFFICERS

JOHN C. MEYER, Miami, Florida.....*President and Director*
ROBERT S. BOOKBINDER, Miami, Florida.....*Secretary-Treasurer and Director*
DEAN S. DIGNAM, Toronto, Ontario.....*Director*
DANIEL E. WILLITS, Wardsville, Ontario.....*Director*
DALE ROBERTSON, Hollywood, California.....*Director*

AUDITORS

Gunn, Roberts and Co.
Toronto, Ontario

HEAD OFFICE

Suite 811, 372 Bay St.
Toronto, Ontario

FIELD OFFICE

P.O. Box 32
Wardsville, Ontario

REGISTRAR AND TRANSFER AGENT

CROWN TRUST COMPANY

Toronto, Ontario

Shares are listed on the Toronto Stock Exchange

DIRECTORS' REPORT

To the Shareholders:

ANCHOR PETROLEUMS LIMITED

Your Directors are pleased to submit herewith the Auditors' Report, the Balance Sheet and related Financial Statements for the fiscal year ended January 31, 1965.

You will note from the enclosed Financial Statements your Company's greatly improved financial strength, which is due to the successful liquidation of its Flamingo Oils Limited holdings, as outlined in last year's Annual Report.

Your Company is continuing an active program of exploration and development in South Western Ontario, which includes the acquisition of oil and gas leases in this area and such development drilling as deemed advisable.

We are happy to announce that recent drilling in Sombra Township has met with success and a new oil producer was brought in during the month of June. The most modern fracturing process has been applied to assure maximum production. Immediately upon completion of this well, we commenced drilling on a second location some 1,100 feet to the north and progress to date has been satisfactory. The map of Sombra Township, presented in this report, shows the 700 acres under lease, the successful well site, also where drilling is now in progress.

At the Wardsville Gas Field in Mosa Township, where 20 gas wells are in production (as sketched in an accompanying map) the drilling completed early this year resulted in a dry hole but information obtained therefrom proved the location for another site which is now drilling at a depth of 700 feet with production anticipated at 1,550 feet. The fracturing process which proved so successful in Sombra Township will be utilized here.

During the year the Company purchased leases on approximately 4,350 acres in Bosanquet Township, Lambton County, immediately contiguous to a large block of leases held by a major oil company. Recently there has been considerable exploration in this area and we are closely observing this activity.

Notice of the Annual Shareholders' Meeting, to be convened in Toronto on Wednesday, July 28, 1965, is enclosed. If you are unable to attend, will you kindly complete the Proxy Form and return it in the enclosed self-addressed envelope.

Submitted on behalf of the Board,

John C. Meyer
President.

Toronto, July 7, 1965.

ANCHOR PETROLEUMS LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET — JANUARY 31, 1965

ASSETS

Current Assets

Cash	\$ 96,365.84	
Accounts receivable	15,459.78	\$111,825.62

Capital Assets

Interest in petroleum and natural gas leases at cost	38,089.45	
Royalty interest at cost less amounts written off	3,838.83	
Intangible well costs, producing wells	143,691.48	
Equipment at cost	\$ 75,979.78	
Less accumulated depreciation	73,270.99	2,708.79
		188,328.55

Other Assets and Deferred Expenditures

Deferred exploration, development and administrative expenditures	286,041.19	
Inventory of supplies at cost	5,107.11	
Prepaid insurance	440.23	
Organization and recapitalization expense	3,905.00	295,493.53
		<u>\$595,647.70</u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 5,637.28
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Shareholders' Equity

Capital stock

Authorized — 6,000,000 shares of \$1 each		
Issued — 4,400,000 shares	\$4,400,000.00	
Less discount on shares	3,531,859.50	\$868,140.50

Deduct deficit	278,130.08	590,010.42
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\$595,647.70

NOTE: As the company is in the exploratory stage, exploration, development and administrative expenditures are deferred. Net income from production is deducted from the expenditures deferred.

Approved on behalf of the Board:

JOHN C. MEYER, Director

ROBERT S. BOOKBINDER, Director

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Anchor Petroleum Limited as at January 31, 1965 and the statements of exploration, development and administrative expenditures deferred and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of exploration, development and administrative expenditures deferred and deficit present fairly the financial position of the company as at January 31, 1965 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS AND CO.
Chartered Accountants.

Toronto, Canada,
May 19, 1965.

ANCHOR PETROLEUMS LIMITED

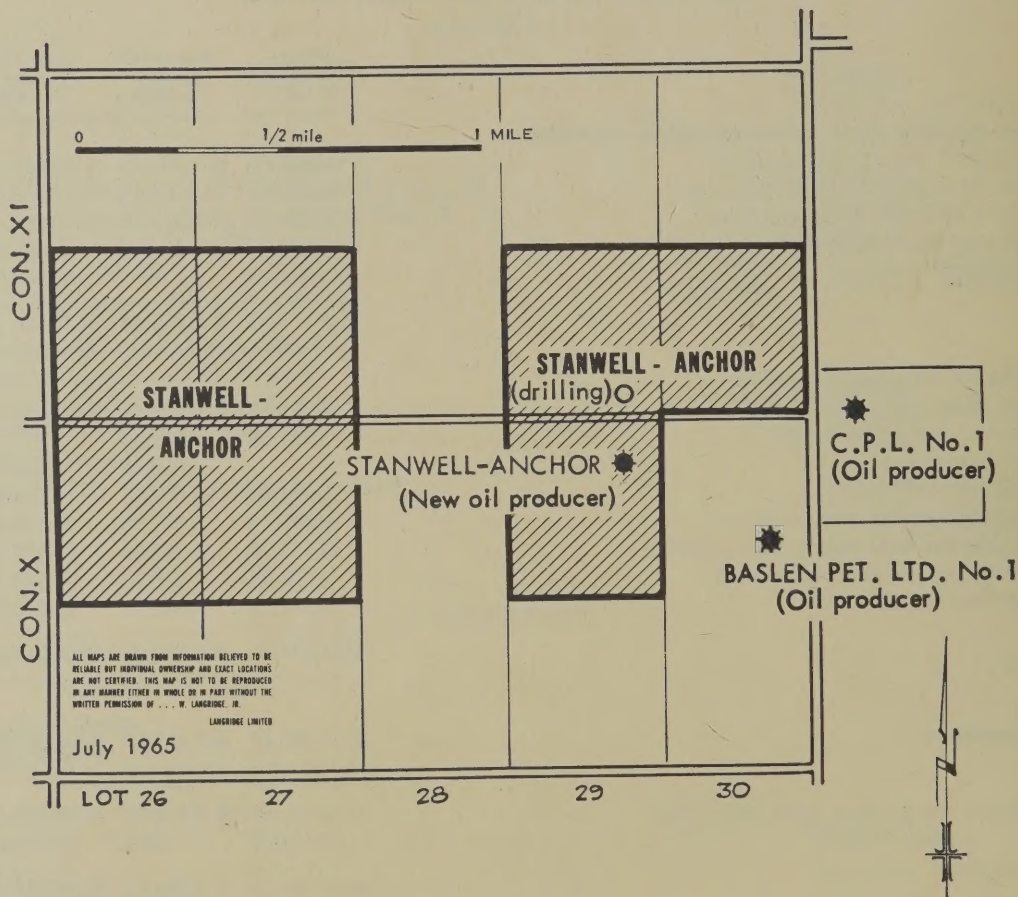
STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED FOR THE YEAR ENDED JANUARY 31, 1965

	Balance February 1, 1964	Year ended January 31, 1965	Balance January 31, 1965
Petroleum and natural gas exploration and development			
Geological fees and field expense	\$ 14,051.38	\$ 1,375.13	\$ 15,426.51
Field supervision and office expense	66,560.52	3,974.83	70,535.35
Lease rentals and government fees	54,044.83	1,187.90	55,232.73
Depreciation of equipment	917.00	—	917.00
Abandoned well costs	109,566.82	—	109,566.82
	<u>\$245,140.55</u>	<u>\$ 6,537.86</u>	<u>\$251,678.41</u>
Administrative and general expenses			
Head office administrative expenses	\$ 70,114.50	\$ 4,005.28	\$ 74,119.78
Directors' fees and expenses	5,227.55	350.00	5,577.55
Travel expense	—	4,889.41	4,889.41
Legal and audit fees	22,487.83	2,092.99	24,580.82
Share issue and transfer expenses	46,070.74	3,077.92	49,148.66
Shareholders' information and publicity	18,851.00	1,285.08	20,136.08
Interest expense and bank charges	4,705.23	416.78	5,122.01
Miscellaneous expenses	16,977.72	2,362.61	19,340.33
	<u>\$184,434.57</u>	<u>\$18,480.07</u>	<u>\$202,914.64</u>
Total expenditures	<u>\$429,575.12</u>	<u>\$25,017.93</u>	<u>\$454,593.05</u>
 <i>Deduct</i> — net revenue from production	 \$143,317.40	 \$ 8,792.03	 \$152,109.43
— other revenue	16,433.78	8.65	16,442.43
	<u>\$159,751.18</u>	<u>\$ 8,800.68</u>	<u>\$168,551.86</u>
 Balance deferred	 <u>\$269,823.94</u>	 <u>\$16,217.25</u>	 <u>\$286,041.19</u>

STATEMENT OF DEFICIT FOR THE YEAR ENDED JANUARY 31, 1965

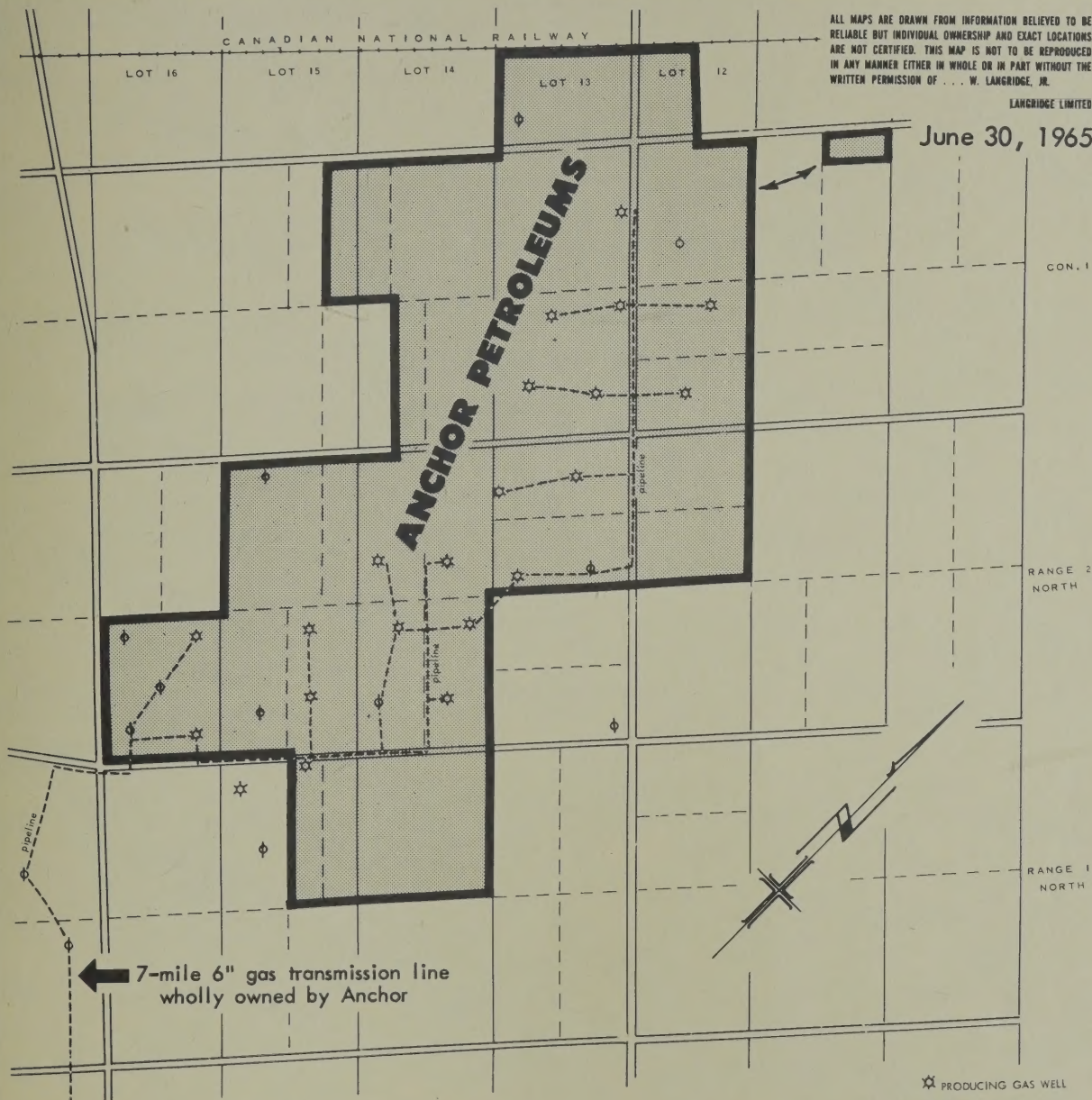
Balance February 1, 1964	\$323,496.92
Add loss on shares in Toroil Petroleum Limited written off	500.00
	<u>\$323,996.92</u>
Deduct proceeds from sale of shares in Flamingo Oils Limited in excess of book value	45,866.84
Balance January 31, 1965	<u>\$278,130.08</u>

The map below shows the location of the new oil producing well drilled jointly by Anchor Petroleum Limited and Stanwell Oil & Gas Limited, also the location of a second well presently being drilled, both being on property held equally under lease by the two companies.



ANCHOR PETROLEUMS LIMITED

**OIL & NATURAL GAS LEASES
SOMBRA TOWNSHIP - ONTARIO**



HOLDINGS of

ANCHOR PETROLEUMS LIMITED

NORTH WARDSVILLE FIELD

MOSA TOWNSHIP

COUNTY of WEST MIDDLESEX - ONTARIO

